GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1344
ANSWERED ON:07.03.2008
TAX CONCESSION ON TEXTILE PRODUCTS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has raised the rate of refund on a number of textile products in the country;

(b) if so, the details in this regard;

(c) the details of demand raised by the exporters for such concession during the current Financial Year (2007-08); and

(d) the reaction of the Government on such demands and extent to which exporters will be benefited by such concessions?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): Yes, Sir.

(b) to (d) : The textile exporters through their councils and associations had requested for increase In drawback rates on various textile items on account of appreciation of rupee and also on account of the duties & taxes suffered on inputs. These requests were considered by the Committee set up by the Government for formulation of All Industry Rates of Duty Drawback, 2007-08 and on the basis of its recommendations, the drawback rates were increased in July 2007 by 42% approx. in the case of ready-made garments and made ups, 31.3- 49% in case of carpets and 18.4-30% in the case of cotton / MMF yarn and fabrics. The exporters were given the benefit of the increased rates from 1.4.2007.On the basis of the requests received from the trade and industry and based on the recommendations of the Drawback Committee, the drawback rates were further increased in December 2007 by 1 percentage point on cotton garments & made ups, 0.5 percentage point on blended garments & made ups, 0.6-0.7 percentage point on cotton yarn, 1 percentage point on denim fabrics, 0.5 percentage point on other cotton fabrics, 2 percentage points on silk carpets, 0.8 percentage point on woolen (knotted & woven) carpets and 1.2 percentage points on tufted woolen carpets. The exporters were given the benefit of the increased rates from 1.9.2007.Thus, the drawback rates on main items of export in the textile sector like cotton yarn, woolen hand knotted/tufted carpets, ready-made garments and made-ups have been increased by 50%, 41.5-62%, 57% and 58% respectively during 2007-08 as compared to the rates prevailing during 2006-07.The above measures are expected to help promote exports.